



Wells Fargo Calls Bought into Key Support Zone

Ticker/Price: GLW (\$19.70)

Analysis:

Corning (GLW) with 3,000 November \$22 calls bought yesterday around \$2 and follows 2,500 August \$22 calls and 1,200 January 2022 \$25 calls bought recently. GLW had a more than \$900K buy in the January \$20 calls on 3/10. Shares are right at major trend support from the 2008 and 2012 lows as well as a high-volume node from the 2010-2014 consolidation. GLW has been forming a small base under \$22 with a low-volume node above that targets \$24 and then ultimately back up to \$28. The \$15.67B company trades 10.3X earnings and 1.36X sales with a 4.5% yield and a Current Ratio of 2.1. They have around \$2.5B in cash and a total Debt/Capital of 37%. GLW's near-term is clouded by uncertainty around production delays in consumer mobile for the 2H but a largely well-known story and they've got a well balanced portfolio with content across Samsung, Sony, Realme, and Huawei which have all resumed production near capacity. Meanwhile, their Life Sciences business could see an uptick due to COVID-19 for materials like PCR consumables, storage plates, tubes and storage, and virus production hyperflasks. GLW also recently announced a partnership with Qualcomm (QCOM) for 5G mmWave infrastructure platforms for enterprises, giving them more long-term optionality for growth. Analysts have an average target for shares of \$31. MSCO downgrading to Neutral in January as they saw most of their demand driven catalysts around mid-year while auto and life sciences are further out from material commitments. BAML with a Buy for shares, \$34 PT, seeing a number of longer-term themes to benefit from including 5G and hyperscale cloud spending. Short interest is 3.3%. Hedge fund ownership rose 4.3% in Q4. Masters Capital a buyer of call options while Levin Capital a buyer of stock.

Hawk Vision:



Hawk's Perspective: GLW is an interesting set-up with major long-term trend support and short-term basing with a bullish RSI divergence. Valuation/Yield are attractive and it is cash-rich, the reward/risk appears attractive.

Confidence Ranking: \$\$